

8-8-1988

OUTLINE OF
LEASEBACK AGREEMENT

1. White/Oldfield will lease back the operation of the mine/mill to Lon Thomas for an indefinite period of time which may be limited (cancelled) by either party upon 90 days written notice to the other party.

2. All equipment on accompanying list shall be placed at disposal of Lon Thomas. All mineral on site (still in place) will be made available to Lon Thomas for his use. Qualified to allow White/Oldfield to utilize, i.e. mine, quarry or otherwise remove any mineral that is not being used or planned to be used by Lon Thomas. Lon Thomas shall submit a plan for any amount to be extracted in excess of 3,000 tones said plan shall be satisfactory to White/Oldfield.

3. An agreement shall be written and signed by both parties that will bind the parties to the terms of such an agreement.

4. All costs of production, repair, maintenance, payments, shipping, etc., including all overhead, taxes or other costs shall be borne by Lon Thomas except as described following:

A. Major required repairs to machinery or mill that qualify under IRS to be amortized over a period of time and/or depreciated over a period of time will be charged off to White/Oldfield. White/Oldfield shall reimburse Thomas for any such required costs advanced by Thomas (while Thomas is operating or in possession of the mine/mill under this agreement) within

ninety days (90) after White/Oldfield take back operation of mine/mill - upon a ninety day notice to Thomas.

White/Oldfield under any other circumstance shall have the option to repay (such required costs advanced by Thomas) at any time or add such costs to the original price paid to Thomas for the mine. In the event of the latter option, payment to Thomas will be under the terms of the original purchase agreement for the mine or any agreed upon alteration to the original agreement. Should White/Oldfield choose the option of adding the above described required costs (By Thomas) to the purchase price White/Oldfield agree to pay interest to Thomas on any such required costs at the rate of Ten (10) percent per annum, such interest to become due and payable at same time the required costs are paid. No such required cost shall be charged to White/Oldfield except White/Oldfield shall be notified and agree to such expenditure.

Under the terms of this agreement Thomas shall bear full responsibility for his operation of the mine and shall maintain any and all required insurances, licenses, permits necessary to his operation. Further Thomas shall hold harmless White/Oldfield from the consequences of his operation under this lease back agreement.

In return for the above Thomas agrees to credit White/Oldfield to apply to the 1st year payment from White/Oldfield to Thomas the following decreased annual payment extension. In return for the right to lease back, to operate, to extract, to stockpile, to hold the leased premises mine/mill and machinery, Thomas agrees to defer all or a portion of the first year payment on the purchase price of the mine as follows for each two hundred and seventy (270) tons of product, extracted by Thomas, one month of deferment. Since by original agreement on the purchase White/Oldfield were to pay \$100,000.00 the first year i.e., April 1988 to April 1989, the above noted deferment extension of time would be added to the anniversary date in April 1989, thereby allowing Oldfield/White time to produce a sufficient quantity of material to provide to Thomas his full annual payment.

White/Oldfield shall have the right to examine production records and/or measure product and stockpiles of mineral for the purpose of verifying deferment extension periods.

Thomas agrees to reimburse White/Oldfield for any damages to premises, mine, mill, machinery or equipment chargeable to Thomas's occupation and/or operation of the mine/mill. Thomas should have the option to pay for such damages or to deduct the amount of reimbursement of such damages from the original

purchase price within the next succeeding years annual payment. Thomas agrees to occupy and or operate the previously described premises and equipment in keeping with all laws and ordinances applicable.

All existing material laying loose, described as waste, or finished product that has been that has been previously extracted and/or processed is the property of White/Oldfield and if used by Thomas will be charged per the original agreement to the account of Thomas.

Thomas shall be allowed to maintain a stockpile at mill site.

White/Oldfield shall have the right to purchase from Thomas any run or finished product at the same price Thomas can now purchase product from White/Oldfield.

This agreement shall not extend more than one (1) year from this date August 4, 1988. Further all terms must be met in full by the parties or the agreement becomes void, and if White/Oldfield fail to pay according to the original purchase agreement or this modifying agreement the mine reverts to Lon Thomas

(Signatures of White, Oldfield and Thomas)

Added to this and included in this agreement are four more pages.
Page numbers 6,7,8, 9 these pages are two letters one described a
"Letter of Intent" another described as "letter of intent on
changing ownership.

Letter of Intent

August 8, 1988

Mr. Lon Thomas

Dear Lon:

This is a letter of interim agreement to cover a period of time between the date of this letter and the finalizing of a lease back agreement.

It is the intent of the parties here to: (1) Lon Thomas and R. W. White/Bryan H. Oldfield to allow for Lon Thomas to lease back and immediately begin mining and processing operations on the mine commonly known as aragonite mine (a mine/mill operation approximately 65 miles west of Salt Lake City, Utah being approximately 2 - 4 miles off of I-80 Hiway). The intent is to allow the operation of the mine/mill based on a hand written agreement known as "outline of lease back agreement" basically agreed to by the parties on August _____, while Lon Thomas' attorney prepares a more appropriately legal document to replace the original. Any changes to the original "lease back agreement" mentioned above will be allowed upon mutual consent of the parties hereto.

White and Oldfield hereby agree to allow Lon Thomas to immediately enter into and operate the mine/mill on the basis of this letter.

Yours truly,

Agreed: Bryan H. Oldfield for White/Oldfield
Bryan H. Oldfield for R. W. White and Bryan H. Oldfield
Date: August 4, 1988

Agreed: _____ Date _____
Lon Thomas

Addendum: It is the intent of both the above parties that a transfer of the mine/mill (aragonite mine) from White/Oldfield to Lon Thomas will contain language providing to White/Oldfield all of the terms contained in the "Lease Back Agreement" but that said "lease back agreement" be cancelled out upon the transfer of said mine/mill ownership into the hands of Lon Thomas.

Letter of Intent on Changing Ownership of Aragonite Mine

August 8, 1988

Dear Lon:

This is a letter of intent to enter into an arrangement as discussed yesterday and today concerning the aragonite mine/mill and property.

The basic intent is to place the mine/mill back in your hands to alleviate a potential financial burden of yours, providing White/Oldfield the right at their option to take back the aragonite mine/mill at some later date after your financial burden can be overcome.

White/Oldfield want to be returned to their position as of the above date, including the original purchase agreement terms and the basic terms of the "lease back agreement" as we discussed (and provided to you hand written) on August 7, 1988, only modified by mutual agreement.

White/Oldfield will take action to effectuate the above intent, but desire to do it as far downstream as possible and still allow you to achieve your goals.

Further, it is the intent of White/Oldfield to take care of their own debts, thus, any payments or major repairs to equipment that are chargeable strictly to White/Oldfield will be reimbursed to Lon Thomas at the time White/Oldfield take the optioned property back from Thomas. However, if Thomas uses machinery such payments and or major repairs will be prorated to Lon Thomas account while in his possession and use.

White/Oldfield desire ninety days after taking back ownership of the mine/mill in which to reimburse Thomas for such expense or the right to add some to the purchase price of the mine/mill (Aragonite mine) thus reimbursing Thomas in the payoff of the purchase price.

We, White/Oldfield agree to the foregoing.

Bryan H. Oldfield for White/Oldfield

Bryan H. Oldfield

Date: Aug. 4, 1988

I agree to the foregoing

Lon Thomas

Date: Aug. 4, 1 1988.